

THE OFFICE OF REGULATORY STAFF

SURREBUTTAL TESTIMONY

OF

ANTHONY M. SANDONATO

May 15, 2018



DOCKET NO. 2016-384-S

**Application of Moore Sewer, Incorporated for
Adjustment of Rates and Charges and Modification
To Certain Terms and Conditions for the Provision of
Collection-Only Sewer Service**

SURREBUTTAL TESTIMONY OF

ANTHONY M. SANDONATO

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2016-384-S

**IN RE: APPLICATION OF MOORE SEWER, INCORPORATED FOR ADJUSTMENT
OF RATES AND CHARGES AND MODIFICATION TO CERTAIN TERMS AND
CONDITIONS FOR THE PROVISION OF COLLECTION-ONLY SEWER SERVICE**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Anthony M. Sandonato. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Regulatory Analyst in the Utility Rates and Services Division of the Office of Regulatory Staff ("ORS").

Q. DID YOU FILE DIRECT TESTIMONY AND EXHIBITS RELATED TO THIS PROCEEDING?

A. Yes. I filed direct testimony and nine (9) exhibits with the Public Service Commission of South Carolina ("Commission") on April 27, 2018.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony filed by Moore Sewer, Inc. ("Moore Sewer" or "Company") witness Janet Teichman on May 7, 2018. I will focus on the following areas:

- Moore Sewer's proposed tariff language to explain how the Company assesses non-recurring charges; and
- ORS's recommendation regarding rates.

Q. DOES ORS AGREE WITH MOORE SEWER'S POSITION TO CLARIFY NON-RECURRING CHARGES ON THE COMPANY'S TARIFF?

A. Yes. ORS agrees with the Company's position that certain language be added to the tariff to clarify how Moore Sewer assesses non-recurring charges. Specifically, that:

- New customers will be allowed to pay a deposit to Moore Sewer in installments, but be required to make an initial deposit of \$100; and
- Moore Sewer will waive the deposit requirement if the customer is the owner of the property.

Q. DOES ORS AGREE WITH MOORE SEWER'S POSITION TO CHARGE ALL NEW CUSTOMERS THE NEW CUSTOMER CONNECTION FEE?

A. Yes.

Q. DID ORS VERIFY THE COST BASIS FOR THE COMPANY'S NEW MONTHLY PROPOSED RATE OF \$37.98?

A. No. The Company did not supply any further evidence to support the new proposed rate of \$37.98. If the Company's proposed rates were implemented, with ORS's recommended adjustments to revenue and expenses, the operating margin would be 29.93%.

Q. DOES ORS AGREE WITH THE COMPANY'S NEW MONTHLY PROPOSED RATE OF \$37.98?

1 **A.** No. ORS recommends the Company's rates for sewer service be established based
2 on our review of the Company's books and records. The rate ORS recommends for sewer
3 service is \$27.16. Moore Sewer's operating expenses increased since its last rate case and
4 the Company made investments in used and useful plant and facilities required to meet its
5 obligations as a public utility. ORS's proposed rate will generate additional revenues that
6 will allow Moore Sewer to sufficiently recover its operating costs, preserve its financial
7 integrity, allow it to attract capital for future investments and to provide safe, reliable and
8 quality service to its customers at a reasonable rate. ORS believes the proposed rate of
9 \$27.16, which produces an operating margin of 14.99%, serves the public interest, balances
10 the concerns of the using public while preserving the financial integrity of the Company,
11 and promotes economic development within the State of South Carolina. The new rate
12 proposed by ORS will provide a prudent balance between the consumer's need for
13 affordable, quality service and Moore Sewer's financial health.

14 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

15 **A.** Yes.
16